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SUBJECT: AFYON: PROSPERITY AND INEQUALITY IN AN ANATOLIAN TOWN

Classified By: PolCouns Janice G. Weiner for reasons 1.4(b, d).

1. (C) SUMMARY: Afyon, a prosperous town located three hours southwest of Ankara, is better off than many Turkish cities, yet visiting PolOffs heard complaints about the economy. We met with a variety of citizens in Afyon, including businessmen, farmers, academics and government officials. Although there is economic activity and opportunity in Afyon, PolOffs heard many complaints about economic inequality and insecurity. END SUMMARY.

2. (U) Afyon, officially Afyonkarahisar, located three hours southwest of Ankara, is on the crossroads from Ankara to several major cities, including Izmir, Antalya, and Kutahya. Afyon is a relatively clean and prosperous town of 150,000 people, dominated from above by a breathtaking fortress atop a craggy peak. Below the central Anatolian community bubble thermal springs, which are one of the secrets to its economic success.

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Afyon's Diversified Economy

3. (U) Afyon is prosperous thanks to its strategic location and diversified economic base. Afyon's marble is well-known, with dozens of small family-run marble cutting operations. Much of this marble is exported to Europe, the U.S. and elsewhere. At least a half a dozen thermal spa hotels, which cater mostly to Turks, are operating or under construction in Afyon.

4. (U) Agriculture is also important for the local economy. The town is surrounded by potato and onion fields, owned by the locals but worked by migrant Roma, whose tent camps on the perimeter of the fields are clearly visible from the highway. At one time Afyon was the country's number one egg and poultry producing province; this industry remains an important one. Animal husbandry and food processing are sizable enterprises and the region is famous for its sausage and clotted cream. Surprisingly, we heard nothing about opium production in Afyon, despite the fact that Afyon is the center of Turkey's internationally-sanctioned poppy production for medical purposes. The word, Afyon, in fact, means opium.

5. (C) Despite Afyon's relative prosperity, local farmers complained to PolOffs about the governing Justice and Development Party's (AKP) agricultural policy (i.e. perceived to be inadequate subsidies and price supports) and economic conditions. According to the head of the farmers' association, "AKP's lightbulb is growing dim." (Comment: A radiating lightbulb is AKP's official party logo. End Comment.) Although highly supportive of the Afyon AKP mayor and the current Ag Minister Mehmet Mehdi Eker, the farmers were critical of PM Erdogan and the former Ag Minister Sami Guclu. (Comment: Minister Guclu was forced to resign earlier this year because he could not resolve a Turco-Russian agricultural trade dispute. End Comment.) Although they seemed resigned to the reality, the farmers also complained about the downturn in the sugar beet industry. (Note: Turkey's protection of its sugar beet growers results in Turkey having sugar prices far above world market prices. End Note.)

6. (U) Afyon's economy also benefits from the city's location at an important crossroads. It is home to a company that owns the central Anatolian distributorships for both Proctor and Gamble and Philip Morris. An outlet mall is under construction for Levi's and other western clothing companies. In fact, the only McDonald's between Ankara and the coastal resort town of Antalya is located in Afyon.

Opportunity, Inequality and Insecurity in Afyon

7. (C) Although there is a lot of opportunity in Afyon, we heard many complaints about economic inequality. We repeatedly heard from our contacts that young men and women who are raised in Afyon, but receive their university education elsewhere, are able to find gainful employment upon their return to their hometown. We met young entrepreneurs

who have successfully expanded and diversified their traditional family businesses; we also met wealthy tycoons who like to show off their expensive toys and hobbies and no doubt contribute to some of the social class resentment we heard in Afyon.

18. (C) Durmus Yoruk and Huseyin Sen, assistant economics professors at Afyon's Kocatepe University, generally give AKP high marks for its management of the Turkish economy, but complain about persistent problems related to instability and inequality. They say most of the economic growth, including in Afyon, has benefited larger corporations, whereas small and medium-sized businesses have not seen any improvement. They lament that the income distribution in the city is not fair -- there are a few wealthy families, but the majority of the people are "just getting by." The professors say that young women (and their parents) are looking for marriages to young men with job security. These women prefer men who have secure government jobs to men with higher paying, but insecure private sector employment.

19. (C) COMMENT: Turkey's strong economic growth and the stabilization of the economy since the 2001 crisis is impressive, however, what we found in Afyon is representative: many ordinary Turks profess not to have felt these improvements. We believe their complaints need to be taken with a grain of salt: people tend not to go out of their way to praise economic policy-making when the principal benefits to most ordinary Turks are the end to wild swings of instability and a reduction of inflation. Nevertheless, the perception of an absence of "trickle-down" is widespread, and the big beneficiaries of recent growth are concentrated among a relatively limited group of businesspeople, investors, and recently-hired employees. Given the history of economic instability, Turkish youths prefer secure government jobs to entrepreneurialism. Few Turks are willing to face the fact that many mom-and-pop operations and small farms (often less than 20 acres in size) will have to grow, consolidate, or go out of business if the country is transitioning into a modern, 21st century economy that can survive in the EU. In the meantime, the responsible rich will grow richer, the irresponsible rich will play with their toys, and the average Turkish family will continue to get by while living in fear of another economic crisis. END COMMENT.

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